

Supplementary Report of the New Democratic Party of Canada

The New Democratic Party wishes to thank all of the witnesses who appeared before the Standing Committee on Government Operations and Estimates (OGGO) in the course of our study on Private Public Partnerships (P3s). The witness testimony offered valuable perspectives and insights on their experiences with this model of project delivery, including suggested limitations to its use and recommendations for improvement.

While the Committee report reasonably documents most of the testimony given, we find the general recommendation falls short in informing the House of the detailed insights and practical advice offered by those with experience with P3 projects. The advice is useful to ensuring greater accountability and oversight for public spending on, and management of, infrastructure projects, including through the P3 model. Many of the recommended safeguards, if considered and adopted, could in our view enable improved transparency and efficacy in P3 projects, particularly for any assessments of value for money. The overall end goal must continue to be delivery of accessible, affordable public services to Canadians.

New Democrats adhere to the basic principle that the foundation for decisions on delivery and oversight of public infrastructure and services must be good governance and sound public administration, not an ideological preference for private over public.

Currently only 10% to 20% of new infrastructure projects are delivered through a P3 model. As a consequence, it is important to recognize the limitations of this model in meeting growing infrastructure needs. Government attention should now shift towards improving management of the majority of new and renovated infrastructure, which is publicly financed and managed.

The P3 model can enable greater value for money for some infrastructure projects, where it provides quantifiable value-added benefits, enhancing the accessibility, quality and continuity of service to citizens and ensures maximum transparency and integrity in the process used. However, a number of qualifiers or preconditions are necessary to ensure accountability and continued access to affordable high-quality public services.

New Democrats therefore recommend that the following specific measures be taken to ensure greater efficacy, consistency and accountability in utilizing the P3 model:

1. That the federal government follow the example of provincial jurisdictions such as Manitoba and enact legislation to require greater transparency and public accountability; to prescribe the process for evaluating projects for P3s inclusive of a value for money analysis; to address potential for conflict of interest; and, to require and assign monitoring and audit functions.

2. That federal infrastructure financing of projects for other jurisdictions be made accessible from one consolidated fund, rather than a dedicated P3-specific fund, thereby enabling each recipient to determine appropriate funding mechanisms.
3. That given the limited Canadian experience to date with privatized approaches to the long term operation and maintenance of infrastructure, the P3 model merits longer term assessment of its performance on cost, risk and accessibility.

Further, the Committee study identified clear issues with transparency, accountability and public sector expertise and capacity in use of the P3 model, as well as conflicting roles for PPP Canada. To address these concerns New Democrats recommend that the following *concrete* measures be implemented for infrastructure projects delivered by, or financed in whole or part, by the federal government:

4. That the PPP Canada office be replaced by an autonomous agency reporting to PWGSC with a core responsibility for supporting public sector capacity to screen, negotiate and manage P3 projects. Taxpayer dollars should not be allocated to promoting P3s.
5. That full public disclosure be required for any information and data considered in the initial assessment process to select a P3 delivery model, and for all value for money assessments for P3-managed projects.
6. That the Parliamentary Budget Officer be mandated to review value for money assessments to provide independent verification of the information and assumptions underlying any VFM calculations.
7. That the PWGSC's Fairness Monitor be mandated to oversee and review all P3 bidding processes and publicly report the terms of the P3 contract while respecting commercially confidential information.
8. That any federal entity or federal grant recipient be required to undertake public consultations before proceeding with a bidding process to identify and examine local economic benefits or issues related to a proposed P3 project.
9. That an open, competitive and transparent tendering process be required for all P3 projects with a minimum of three bidders in any competitive process.
10. That all P3 agreements require reporting on total financial costs and service delivery at specified intervals during the partnership and that PWGSC be required to report publically on these findings on an annual basis.
11. That the delivery of core public services that are of high quality, affordable and accessible remain a key focus when considering any privatized delivery option, including through P3.